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SUBJECT: GERMANY ABORTS PROBE INTO SOUTH AFRICAN ARMS DEAL

11. (U) The following message is based on local press reports detailing events in Germany of great interest to the South African public. German prosecutors aborted their probe into a decade-old arms deal between the South African Navy and German arms manufacturer, ThyssenKrupp. Despite repeated calls from opposition leaders and local analysts for an inquiry into Mbeki's role in the arms deal, no action in South Africa has been taken to investigate the details of this scandal. The two-year German inquiry concerned the sale of four corvettes in the late 1990s in which ruling ANC leaders allegedly profited from bribes in a multi-billion dollar arms package involving Germany, the U.K. and Sweden. Press reports indicated that internal memos from ThyssenKrupp detail how Chippy Shaik, the former South African head of defense procurement and brother of the infamous Schabir Shaik (who was convicted in 2005 of corruption in this deal), demanded three million dollars in exchange for contracts to build corvettes for South Africa. After failing to secure enough evidence to prosecute ThyssenKrupp during the investigation, the Dusseldorf public prosecutor's office opted to permanently dissolve the investigation.

BOST